

AGENDA ITEM XI-H

Consideration of the review and re-adoption of Board rules, Chapter 21, in accordance with Texas Government Code, Section 2001.039, and simultaneously proposing amendments concerning the implementation and administration of various financial aid programs (First Consideration)

RECOMMENDATION: Review and re-adopt and simultaneously propose amendments to the sections of Board rules listed below:

1. Review and re-adopt Sections 21.121 through 21.133 of Board rules, concerning the Texas B-On-Time Loan Program, and simultaneously propose amendments to Sections 21.124-21.126 and 21.129, concerning the priority for issuing loans, the criteria for continued eligibility for loans, and clarification of instances in which loans may be forgiven
2. Review and re-adopt Sections 21.251 through 21.263 of Board rules, concerning the Physician Education Loan Repayment Program, and simultaneously propose amendments to Section 21.256, concerning establishing priorities for accepting applications
3. Review and re-adopt Sections 21.171 through 21.176 of Board rules, concerning the Teach for Texas Loan Repayment Assistance Program, and simultaneously propose amendments to Section 21.174, concerning eligibility requirements of teachers
4. Review and re-adopt Sections 21.560 through 21.566 of Board rules, concerning the Dental Education Loan Repayment Program and simultaneously propose amendments to Section 21.560, concerning the authority and purpose of the program
5. Review and re-adopt Sections 21.710 through 21.722 of Board rules, concerning the Conditional Loan Repayment Program for Attorneys Employed by the Office of the Attorney General and simultaneously propose amendments to Sections 21.710, 21.711, 21.714, and 21.717-21.722, concerning the authority and purpose of the program, definitions used, eligibility requirements for attorneys and the deletion of obsolete sections related to a conditional loan repayment program
6. Review and re-adopt Sections 21.2001 through 21.2008 of Board rules, concerning the Kenneth H. Ashworth Fellowship Program, and simultaneously propose amendments to Sections 21.2001, 21.2003, 21.2004, and 21.2006-21.2008, concerning the authority and operations of the program

AGENDA ITEM XI-H
Page Two

Summary:

Section 2001.039 of the Texas Government Code requires that each rule adopted by the Board after September 1, 1997, be reviewed within four years of the date it was adopted and every four years thereafter to assess whether the reason for adopting the rule continues to exist.

Notice of the proposed re-adoption of the sections listed above were filed on February 10, 2004, and appeared in the February 20, 2004, issue of the Texas Register. No comments were received concerning the re-adoption of these sections.

The reasons for the rules in these sections continue to exist because the Coordinating Board continues to have statutory responsibilities relating to all institutions of higher education in regard to issues covered by these rules. The staff therefore recommends re-adoption. The text of these sections can be viewed on the Coordinating Board's web site at <http://www.thecb.state.tx.us/CBRules/tac.cfm>.

Staff is simultaneously proposing amendments to the rules. Explanations regarding the amendments are given below:

1. Amendments to the rules for the Texas B-On-Time Loan Program are proposed to provide clarification. The proposed amendment to Section 21.124 would reflect the instructions provided to institutional aid officers in meeting the statutory requirement to award Texas B-On-Time loans to students having financial need if there are not sufficient funds for loans to all eligible students. The proposed amendment to Section 21.125 would reflect a statutory provision that was inadvertently excluded from the previously adopted rules. The proposed amendment to Section 21.127 would clarify that the Board is delegating to the institutions the authority to determine if a waiver of the full-time course load requirement is warranted based on the student's documented circumstances. The proposed amendment to Section 21.129 would clarify the loan forgiveness requirements and allow for forgiveness of loans for students who have completed one-year certificate programs.
2. Amendments to the rules for the Physician Education Loan Repayment Program would establish criteria for ranking applications from physicians who are applying for participation in the program for the first time. Previously, applications from first-time applicants have been approved for loan repayment on a first-come, first-served basis. This mode of operation worked well when the available funding exceeded the amount needed to fund loan repayment for all eligible applicants. However, increased participation in the program over the years has resulted in the establishment of waiting lists that are not good for the State or the physicians on the waiting list. The proposed amendments would establish criteria for ranking initial applications in a manner that better addresses the health care needs of Texas and would give continued priority to renewal applicants.
3. Amendments to the rules for the Teach for Texas Loan Repayment Assistance Program would correct an omission in the rules of certain educators from loan repayment eligibility as mandated in the statute. The statute (Subchapter O, Chapter 56, Section 49, Section

56.353) states that loan repayment eligibility extends to an individual who is a certified in and teaching in a designated shortage field, or is a certified educator who is teaching in a community identified by the Texas Education Agency as experiencing a shortage of teachers in the year in which the individual receives repayment. Current rules do not include the provision for loan repayment for educators who are teaching in a community experiencing a shortage of teachers.

4. Amendments to Section 21.560, concerning the Dental Education Loan Repayment Program, would update information regarding the authority and purpose of the program.
5. Amendments to Sections 21.710, 21.711, 21.714, and 21.717-21.722, concerning the Conditional Loan Repayment Program for Attorneys Employed by the Office of the Attorney General would update the rules to be consistent with current legislation. House Bill 2766, 77th Texas Legislature, established Subchapter X, Chapter 61, Section 61.951, et seq of the Texas Education Code, providing a combination loan repayment/loan forgiveness program for certain education loans owed by certain attorneys. This allowed for the disbursement of funds in advance and required participants to sign a contract for service, including a promissory note to repay the loan if they did not fulfill the service obligation. The contracts required employment with the Office of the Attorney General of Texas for three consecutive years. Senate Bill 286, 78th Texas Legislature, converted the program to a loan repayment program by repealing the section on the contract and promissory note. Funds will now be disbursed after participants have provided one year of service following their application for loan repayment. Funds will be reserved for participants whose applications are conditionally approved, pending completion of one year of employment. Converting this program to a loan repayment program only eliminated the need for the implementation of loan collection and enforcement processes and ensures that funds are not disbursed until after the service has been provided. Conditional approval of applications at the beginning of the service period enhances recruitment efforts.
6. Amendments to Sections 21.2001, 21.2003, 21.2004, and 21.2006-21.2008 of the Kenneth H. Ashworth Fellowship Program would clarify the source of the Board's authority to administer the program (Section 21.2001), clarify the selection of recipients by reorganizing the presentation of related information (Sections 21.2003, 21.2004 and 21.2007), provide the Board more flexibility in the fiscal management of program funds (Section 21.2006), and specify steps to be taken by the recipient in order to have funds released to him/her (Section 21.2008).

Purpose:

The proposed amendments would provide clarification and update the rules to be consistent with current legislation.

AGENDA ITEM XI-H
Page Four

Impact (including fiscal):

There will be no fiscal implications to state or local governments.

Advisory Committee Statement:

No advisory committee has had an opportunity to review these rules.

Legal Consideration:

Approved by the Office of General Counsel _____ Date: _____

The proposed amendments have been prepared in the following format:

- New language is in lowercase, underlined, and shaded.
- Deleted language is bracketed and struck through.
- When new language replaces deleted language, the new language precedes the deleted language